

Testimony Submitted to the  
Housing and Community Opportunity Subcommittee  
of the Banking and Financial Services Committee  
of the U.S. House of Representatives

on House Resolution 3899 - The American Homeownership Act  
Federal Housing Administration Reform

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Mr. Chairman and members of the sub-committee, thank you for this opportunity to testify. My name is Norris Boston, I am a member of the South Austin Coalition Community Council and a founding member of ROHO, Ripped Off Home Owners. ROHO is an organization with nearly 70 members, all members, including myself have been victims of the abuse and fraud of the Federal Housing Administration loan guarantee program.

Many of you have heard the foreclosure numbers for FHA. Nearly 72,000 families lost their FHA insured homes last year alone. This number, however, doesn't even begin to scratch the surface of the problem. For everyone of the 72,000 who has lost their homes, there are probably five like me; families that are holding on by their fingernails to their homes against the odds.

I would like to tell you today about my own experience with FHA and convince you that a mandatory home inspection on all existing FHA insured homes is absolutely necessary.

In 1993 my wife and I saw an add in the newspaper saying we could buy a house with \$1,000 down. We contacted Ace/Easy Life Realty to see about buying our own home. Ace/Easy Life said that I had bad credit, but not to worry about it - they would take care of it. The house they wanted me to buy was more than I could qualify for, so they had my mother co-sign. The downpayment was more than we had, so they walked my wife down to the bank, deposited \$8,500 in her checking account and immediately withdrew it as a cashier's check to them.

At the time, I thought they were doing me and my wife a favor to help us get our home. Now I know they committed fraud to get me into that house and didn't care because they were going to get their money no matter what. The lender they worked with didn't care either - they were 100% insured by you.

On December 10, 1993, my wife and I closed on our 'dream house,' - we had no idea how bad the nightmare was going to be. My house was over appraised and was never inspected. If my house had been

inspected I would not be in the situation I am in now.

My heating system needs to be totally replaced. The cost for actually repairing the whole system would be over \$10,000. It was so bad that I was fined by the city of Chicago for heating violation. I've done what I can so far, trying to hook up the ducts that never had been hooked up to the furnace, but I can't begin to afford to fix the whole system yet.

**A mandatory inspection would have caught the fact that the furnaces didn't function.**

The electric wiring in the house was totally deteriorated. I spent \$2,000 to have an electrician re-wire the entire basement.

**A mandatory inspection would have let me know before-hand that my house was a fire-trap of dangerously deteriorated electric wires.**

The plumbing in the house was installed incorrectly. It's so bad that the plumber has told us the entire pipe system will have to be replaced to stop the constant leaking. The plumbing leaks so badly that I've had to have the ceiling replaced because of the water damage.

**A mandatory inspection would have warned my wife and I that the entire plumbing system was built to fall apart.**

The foundation of my house is beginning to give way. The entire foundation is sinking and needs to be replaced. It will cost \$20,000 to replace; \$20,000 I don't have.

**A mandatory inspection would have told us that the concrete foundation was cracked and sagging.**

After going through this nightmare myself, I decided to become a realtor to honestly serve the people in my community. The problem is that I am outnumbered by the dishonest realtors. There needs to be protections built into the program.

On behalf of the 72,000 homeowners who lost their homes last year, on behalf of the thousands who are still scraping by and, especially, on behalf of the prospective homeowners who are now unprotected from this nightmare, I implore you to pass full inspections on all FHA insured existing homes.

Thank you.